

DRAFT: har
7 March 1955

OGC REVIEW COMPLETED

Chairman, House Appropriations Committee

Chairman, Senate Appropriations Committee

*File with
memo for record
on conversation
with Kyle Fisher.*

LLH

One of the problems with which the Agency is always faced is the maintenance of the security of its overall financial accounts. With the larger appropriations made available during the last few years, the problem of security of these accounts has become more difficult. One of the major problems in this area which has caused considerable difficulty is the lapsing of unexpended balances when the funds are no longer available for expenditure. In addition, the prior policy of appropriating annually a reserve for contingencies resulted in appropriations in excess of the actual requirements of the Agency. The first step to solve these problems was taken in connection with the appropriation hearings on the budget for the fiscal year 1955, at which time a request was made that a reduction of be made in appropriations for use of the Agency and that authority be granted to carry over funds appropriated in prior years in the same amount. The Committees considered this matter, reduced the appropriation request by

25X1A1A

25X1 and authorized the carrying forward of an equal amount which had been originally appropriated in appropriations available until expended to finance CIA operations for the fiscal years 1953 and 1954. This action reduced the unexpended balances but did not solve the problem of lapsing unexpended appropriations entirely. This action also substantially eliminated the making of appropriations in excess of the actual amounts used in operations.

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The Agency has unobligated funds on hand from prior appropriations,
of approximately:

25X1A1A

Fiscal Year 1953

Fiscal Year 1954

Estimated Total Available in Agency
Accounts

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It is proposed that by agreement with both the House and Senate Appropriations Committees that unobligated balances from the 1953 and subsequent fiscal years be considered available until expended. This proposal is made on the basis of a mutual agreement with the General Accounting Office and the Bureau of the Budget that funds appropriated to the Agency may be considered as available until expended, provided such interpretation is acceptable to the Appropriations Committees. It is recommended that a reduction be made of the entire request in the President's 1956 Budget for use of the Agency, which amounts to in new authority if the above proposal is approved.

25X1A1A
OGC 25X1

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25X1A1A

25X1A1A

25X1A1A The effect of the above suggestion would provide the Agency with a total
of [] consisting of the [] carried forward from fiscal
years 1953 and 1954 and the [] remaining from the reserve for con-
tingencies from the current fiscal year. The Budget request for operations 25X1A1A
during the fiscal year 1956 amounts to [] The new authority 25X1A1A
requested in the President's budget amounts to [] but, by a planned
25X1A1A reduction of [] in the reserve to be carried over, sufficient funds 25X1A1A
are provided to finance the operations budgeted at [] The balance
of the funds, amounting to about [] will be held in the reserve 25X1A1A
for contingencies, which can be used under existing arrangements only upon
specific authorization by the Bureau of the Budget. Although this will provide
a larger reserve than originally planned for the fiscal year 1956, a similar
adjustment in the budget for the succeeding year will reduce the level of the
reserve and will reduce the request for new authority in relation to the level
of planned operations.

If the proposal is accepted, it is understood that in accordance with
present practice a letter be addressed to the Director of Central Intelligence
by each of the Committees indicating the amount of funds which is approved
for regular operating needs during the fiscal year 1956. We would greatly
appreciate the approval of the Chairman of both the House and Senate Appro-
priations Committees on the attached memorandum for use in confirming the
agreement with the Bureau of the Budget and the General Accounting Office.

Sincerely,

Allen W. Dulles
Director

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